



# **STATE MINING AND GEOLOGY BOARD**

## **EXECUTIVE OFFICER'S REPORT**



ARNOLD  
SCHWARZENEGGER  
GOVERNOR

For Meeting Date: July 9, 2009

**Agenda Item No. 6: Acceptance of a Petition for Classification of Additional Mineral Resource Zone (MRZ) Lands from MRZ-3 to MRZ-2, First Industrial Realty Trust Day Street Project, Riverside County.**

**INTRODUCTION:** In accordance with the “*Guidelines for Classification and Designation of Mineral Lands*”, the State Geologist reviews mineral land classification petitions. Should certain criteria be met, the State Geologist may recommend acceptance of the petition by the SMGB. On behalf of First Industrial Realty Trust, TerraMins, Inc. has submitted a petition to the State Mining and Geology Board (SMGB) dated June 5, 2009, for mineral land classification of the proposed Day Street Project area located in Riverside County. This petition is for Classification of additional Mineral Resource Zone (MRZ) Lands from MRZ-3 to MRZ-2 for the Day Street Project. The SMGB is considering accepting the petition for the update for classification of mineral resource lands for this project.

**REGULATORY ASPECTS:** Pursuant to PRC 2761(b), “*the State Geologist shall classify, solely on geologic factors, and without regard to existing land use and land ownership... any area for which classification has been requested by a petition which has been accepted by the board...*” Pursuant to PRC 2761(b)(3), “*The State Geologist shall require the petitioner to pay the reasonable costs of classifying an area for which classification has been requested by the petitioner...*”

Prior to acceptance of a petition by the SMGB, and in accordance with the “*Guidelines for Classification and Designation of Mineral Lands*” (Section III, Guidelines for Classification of Mineral Lands (1)(A)(1), “*Petitions will be preliminarily reviewed by the State Geologist to determine if the deposit meets the threshold value and other criteria required to qualify as MRZ-2a or MRZ-2b as in Section I.2. If these criteria are met, the State Geologist will recommend acceptance of the petition by the SMGB.*”

**BACKGROUND:** On behalf of First Industrial Realty Trust, TerraMins, Inc. submitted a petition to the State Mining and Geology Board (SMGB) dated August 6, 2008, for mineral land classification of the proposed Day Street project area located in Riverside County. The project consists of about 500 acres located north of the City of Perris, Riverside County. The project area is situated near urban development, and urban encroachment may constitute a threat to the intended mining of the mineral resources on the property.

A portion of the site has been historically mined for curbing stone, but the site has been idle for many years. The property currently is classified as a Mineral Resource Zone (MRZ) 3a



*Executive Officer's Report*

for Portland cement concrete (PCC) - grade aggregate in accordance with CGS's Special Report 165. The petitioner is requesting that this area be reclassified as MRZ-2a and MRZ-2b, for PCC-grade aggregate.

Based on this preliminary review, the State Geologist has recommended acceptance of the petition by the SMGB. The SMGB subsequently accepted the petition at its December 11, 2008, regular business meeting, and on April 9, 2009, accepted CGS's Special Report 212 on "*Mineral Land Classification of the First Street Industrial Realty Trust Day Street Site, Riverside County, California – for Portland Cement Concrete-Grade Aggregate*", dated 2009. Following acceptance of the classification report by CGS, the petitioner recognized that two parcels, totaling 80 acres, were inadvertently excluded. The petition and accompanying map indicated the 80 acres relevant to this petition consideration, as well as the lands that were previously classified per CGS Special Report 212.

The petition application was reviewed by the California Geological Survey's Minerals Resource Unit (CGS) staff using revised criteria for consideration of petitions adopted in 1994 by the SMGB. The following determinations were made:

- Based on test information provided by the petitioner, the material likely will meet the quality specifications for PCC aggregate.
- Preliminary calculations based on information provided by the petitioner indicate that the parcel contains aggregate resources in excess of the threshold value of \$12,550,000 (1998 dollars), or \$16,666,000 (2007 dollars), required for classification as MRZ-2a and MRZ-2b.

The estimated cost for CGS's review and analysis is \$5,100. This amount is less than the remaining balance from the original petition, thus, no additional funds are needed to move this additional classification petition forward

**EXECUTIVE OFFICER'S RECOMMENDATION:** Based on the information presented by the Petitioner, and the results of the preliminary review and recommendation provided by the State Geologist, the Executive Officer recommends that the SMGB accepts the petition for classification of additional mineral land classification.



**SUGGESTED MOTION LANGUAGE:**

To Accept the Petition for Classification of Additional Mineral Resource Lands:

*Mr. Chairman, in light of the information before the State Mining and Geology Board today, I move that the Board accept the petition for classification of additional Mineral Resources Zone Lands for the Day Street Project area, Riverside County.*

Respectfully submitted:

---

Stephen M. Testa  
Executive Officer

